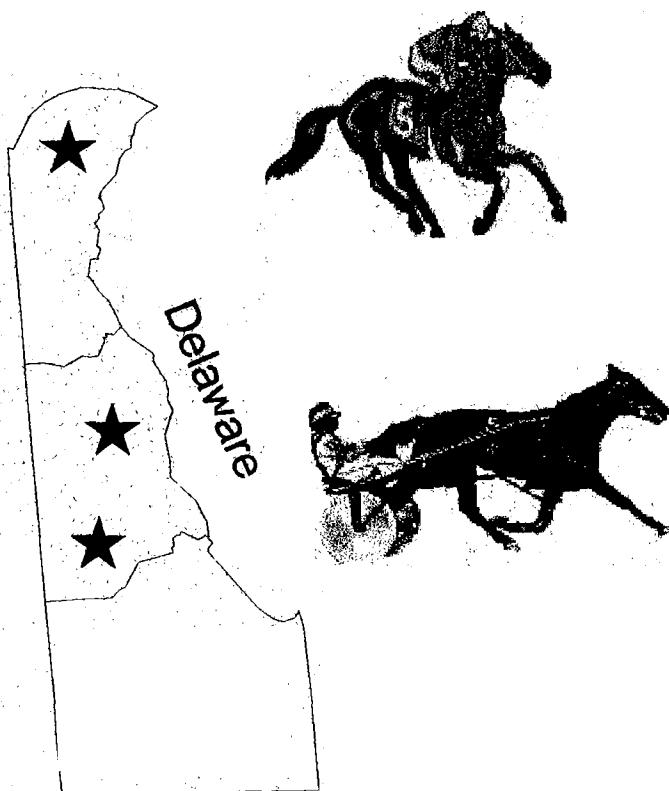


DELAWARE HORSE RACING ECONOMIC IMPACT STUDY 1999





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SUMMARY

\$122 Million Spent in Delaware on Horse Racing

An estimated \$122 million dollars was spent in the State of Delaware in 1999 on items, services, wages and fees related to horse racing, according to the ***Delaware Horse Racing Economic Impact Study 1999***. Only expenditures in Delaware, directly related to horse racing, were to be included in data collected for the study.

Horse Owners Account for Biggest Share of Expenditures

Horse owners – both Delaware residents and residents of many other states – accounted for the major part -- three-fourths of the total -- of the spending in Delaware, while Delaware's three race tracks accounted for 16 percent of the total. Training fees and commissions and purchases of horses accounted for just over half of total expenditures by horse racing licensees, with equipment purchases, animal health costs and feed and bedding accounting for another 19 percent.

Thanks

A special thanks goes to the hundreds of licensees and the management of Delaware's three race tracks for responding to the impact study, and for the detailed, sensitive information they were willing to provide on individual expenses.

BACKGROUND

A lot of people have questions and concerns about what the horse racing industry means to Delawareans and Delaware's economy. What was unknown is the actual dollar impact, the dollars spent in Delaware by those involved. One of Delaware's race tracks prepared its own economic impact report a number of years ago, but the ***Delaware Horse Racing Economic Impact Study 1999*** was the first attempt to measure the industry's overall impact in Delaware. We wanted to get a measure of the economic impact because:

- ▶ a base, or benchmark, is needed to estimate the impact of any changes proposed to the current legislation and rules;
- ▶ a way is needed to estimate the impact on the existing racing program and tracks should additional tracks be established in Delaware; and
- ▶ a way is needed to estimate the impact on Delaware's economy and its horsemen if neighboring states change their rules and regulations regarding gambling, casinos and horse racing.

Representatives of the racing commissions and many involved in horse racing requested this study. The project was conducted by the Delaware Agricultural Statistics Service (DASS), a field office of an agency of the U.S. Department of Agriculture, working under a cooperative agreement with the Delaware Department of Agriculture. Harness racing and thoroughbred racing licensee lists were used as the source of names, and two survey mailings were made to collect data. DASS collected and summarized the data, and prepared this report. DASS operates under laws that protect information provided by individuals.

Expenses in Delaware, by Category,
by Delaware Horse Racing Licensees, 1999

1999 Expenditure Category	Expenditures in Delaware	
	Standardbred	Thoroughbred
	thousand dollars	
Health	\$3,134	\$3,789
Feed and Bedding	3,083	2,038
Grooming Supplies	705	435
Insurance Premiums	327	851
Farrier	1,027	1,060
Travel, Lodging, Shipping of Equine	1,229	2,855
Advertisement	54	264
Utilities	375	463
Capital Improvements	1,136	699
Maintenance/Repair	611	382
Boarding of Horses	2,221	2,205
Purchases of Horses - Number	1,100	700
Purchases of Horses - dollars	9,482	14,588
Breeding Fees	359	3,484
Tack and Clothing	616	442
Rent/Lease	244	390
Taxes	262	244
Equipment Purchases	4,977	2,572
Professional Fees	511	346
Training Fees and Commissions	8,751	19,546
Sales Prep Fees and Commissions	97	591
Jockey, Driver and Rider Fees	1,464	2,634
(Miscellaneous)	554	596
Other Contracted Labor	747	203
Total Expenditures	\$41,966	\$60,677

Expenses in Delaware, by Category,
by Delaware Horse Racing Licensees, 1999

1999 Expenditure Category	Total for Standardbred & Thoroughbred Combined	Expense Category as Percent of Total
	thousand dollars	
Health	\$6,923	6.8
Feed and Bedding	5,121	5.0
Grooming Supplies	1,140	1.1
Insurance Premiums	1,178	1.1
Farrier	2,087	2.0
Travel, Lodging, Shipping of Equine	4,084	4.0
Advertisement	318	0.3
Utilities	838	0.8
Capital Improvements	1,835	1.8
Maintenance/Repair	993	1.0
Boarding of Horses	4,426	4.3
Purchases of Horses - dollars	24,070	23.5
Breeding Fees	3,843	3.7
Tack and Clothing	1,058	1.0
Rent/Lease	634	0.6
Taxes	506	0.5
Equipment Purchases	7,549	7.4
Professional Fees	857	0.8
Training Fees and Commissions	28,297	27.6
Sales Prep Fees and Commissions	688	0.7
Jockey, Driver and Rider Fees	4,098	4.0
(Miscellaneous)	1,150	1.1
Other Contracted Labor	950	0.9
Total Expenditures	\$102,643	

Expenses in Delaware, by Category,
for Delaware Horse Racing Licensees, 1999

1999 Expenditure Category	Percent of Total Expenses	
	Standardbred	Thoroughbred
Health	7.5	6.3
Feed and Bedding	7.3	3.4
Grooming Supplies	1.7	0.7
Insurance Premiums	0.8	1.4
Farrier	2.4	1.8
Travel, Lodging, Shipping of Equine	2.9	4.7
Advertisement	0.1	0.4
Utilities	0.9	0.8
Capital Improvements	2.7	1.2
Maintenance/Repair	1.4	0.6
Boarding of Horses	5.3	3.6
Purchases of Horses - dollars	22.6	24.0
Breeding Fees	0.9	5.7
Tack and Clothing	1.5	0.7
Rent/Lease	0.6	0.6
Taxes	0.6	0.4
Equipment Purchases	11.9	4.2
Professional Fees	1.2	0.6
Training Fees and Commissions	20.9	32.2
Sales Prep Fees and Commissions	0.2	1.0
Jockey, Driver and Rider Fees	3.5	4.4
(Miscellaneous)	1.3	1.0
Other Contracted Labor	1.8	0.3

Expenses in Delaware, by Category, by Delaware Horse Racing Tracks, 1999

1999 Expenditure Category	Race Track Expenditures (thousand dollars)	Expense Category as Percent of Total
Insurance Premiums	\$1,139	5.9
Advertisement	633	3.3
Utilities	1,134	5.9
Capital Improvements	4,078	21.2
Maintenance/Repair	1,982	10.3
Rent/Lease	549	2.9
Taxes	447	2.3
Equipment Purchases	585	3.0
Professional Fees	310	1.6
Jockey/Driver/Rider Fees	2,037	10.6
Other	*4,074	21.2
Other Contracted Labor	2,268	11.8
Total Expenditures	\$19,236	

* 'Other' includes such items as fingerprinting, lab fees, tattooing, simulcast, supplies, etc., not included elsewhere.

Expenses in Delaware, by License Category,
for Delaware Thoroughbred Racing Licensees, 1999

Thoroughbred License Category	License Category Percent of Total Licensee Expenses
Owner	83.7
Trainer	4.6
Hot Walker	4.1
Groom	4.8
Jockey	0.5
Owner/Trainer	2.1
Other License Categories	0.2



Expenses in Delaware, by License Category,
for Delaware Standardbred Racing Licensees, 1999

Standardbred License Category	License Category Percent of Total Licensee Expenses
Owner	54.1
Temporary Owner	0.3
Trainer	2.0
Groom	3.2
Owner/trainer/driver	15.9
Owner/trainer	16.9
Trainer/driver	7.2
Owner/driver	0.4



The following organizations and businesses contributed the funds that made this study possible:

- ▶ American Teletimer
- ▶ Autotote Corporation
- ▶ Delaware Harness Racing Commission
- ▶ Delaware Park
- ▶ Delaware Standardbred Owners Association
- ▶ Delaware Thoroughbred Horsemen's Association
- ▶ Delaware Thoroughbred Racing Commission
- ▶ Dover Downs
- ▶ Harrington Raceway
- ▶ International Sound

Exhibit 1, Survey Questions

On the following two pages are the questions from the survey that asked for 1999 expenses in the State of Delaware.

SECTION V - EXPENDITURES

Please record all race horse related expenditures made *IN Delaware* during 1999. Exclude labor expenditures reported on the previous page in Question #2

1999 Expenditures For Race Horse Related Purposes		Dollars Spent
1 HEALTH: (include veterinarian fees, medicines, parasite control, lab work, etc.)		
2. FEED AND BEDDING (both purchased and raised: include grain, hay, seeds, straw, other bedding, fertilizers, feed additives, vitamins, minerals, etc.)		
3. GROOMING SUPPLIES: (include clips, soaps, oils, sprays, brushes, etc.)		
4. INSURANCE PREMIUMS: (horse related - liability, collision, mortality, etc.)		
5 FARRIER: (include shoeing, etc.)		
6. TRAVEL, LODGING, SHIPPING OF HORSES. (include air travel, fuel, truck & car expenses, meals, etc.)		
7 ADVERTISEMENT. (include cost of ads, entertainment, pamphlets, subscriptions, etc.)		
8. UTILITIES. (horse related - telephone, water, gas, oil, electricity, etc.)		
9. CAPITAL IMPROVEMENTS: (include contracted labor & materials for construction of or additions to buildings, facilities, fences, etc.)		
10. MAINTENANCE/REPAIR. (include contracted labor and materials for maintenance or repair of buildings, facilities, fencing, equipment, etc.)		
11. BOARDING OF Horses (include stall fees and expenditures paid to others for boarding.)		
12. PURCHASES OF Horses:	Total number of horses purchased	
	Total expenditures	
13. BREEDING FEES: (stud fees, semen and embryo handling fees, etc.)		
14. TACK AND CLOTHING: (include clothing, boots, hats, saddles, bridles, halters, harnesses, etc.)		
15. RENT/LEASE: include rental of land, buildings, horses, equipment, etc.)		
16. TAXES: (include property tax on horse related land)		

Exhibit 1, continued

1999 Expenditures For Race Horse Related Purposes	Dollars Spent
17. EQUIPMENT PURCHASES (include pick-ups, autos, campers, airplanes, treadmills, horse vans, trailers, tractors, hot walkers, starting gates, manure spreaders, motor homes, portable stalls, sulkies, carts, buggies, etc.)	
18 PROFESSIONAL FEES (include accounting, legal, etc., exclude veterinarian & health)	
19 TRAINING FEES AND COMMISSIONS: (fees paid for training of horses and/or individuals)	
20. SALES PREP FEES AND COMMISSIONS:	
21. JOCKEY, DRIVER AND RIDER FEES:	
22. MISCELLANEOUS. (include registration, stakes payments, entry and membership fees, stallion shares, etc.)	
23 OTHER CONTRACTED LABOR: (include labor expenditures not reported elsewhere)	
24 OTHER EXPENDITURES: (specify)	